

Fiscal Requirements Consolidated Application Programs

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Accepting Federal Grants Funds

The School District accepts the legal responsibility for fulfilling all the program requirements.

The Grantee is accountable for all federal program funds.

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Fiscal Requirements

- **Supplement, Not Supplant**
- Comparability
- Maintenance of Effort

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Supplement Not Supplant

- Cannot use federal funds to pay for services, staff, programs, or materials that would otherwise be paid with state or local funds
- Designed to ensure federal funds pay for something “extra”

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Supplanting Presumptions

- Presume supplanting in 3 situations:
 1. Used federal funds to provide services the district is required to make available under other federal, state or local laws

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Presumptions (cont.)

2. Used federal funds to provide services the district provided with state or local funds in the prior year

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Presumptions (cont.)

3. Used Title I, Part A or Migrant Education Program (MEP) funds to provide the same services to Title I or MEP students that the LEA or SEA provides with state or local funds to nonparticipating students

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Supplanting Title I Schoolwide Programs

- Presumptions do not necessarily apply to schoolwide programs; however,
- The district must provide the school with the same amount of state and local funds as it would have received had it not receive Title I funds

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Rebutting the Presumption

- Presumption may be rebutted:
 - If SEA or LEA demonstrates it would not have provided the services with state or local funds if the federal funds were not available

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Rebutting the Presumption

- To rebut presumption show:
 - Fiscal and programmatic documentation to confirm that, in the absence of federal funds, would have eliminated staff/services in question
 - School Board action
 - Budget histories and information
 - Planning documents

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Comparability – Title I

- Ensures that services provided with state and local funds in Title I schools are comparable to those provided in non-Title I Schools
- In LEAs with all Title I schools – ensures that services are substantially comparable between all schools
- Annual Requirement for affected LEAs

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Comparability – Title I

- Compare schools with similar grade spans
- Required if more than one school per grade span
- Excludes schools with less than 100 students enrolled
- State supplies forms & guidance to affected LEAs.

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Maintenance of Effort

- Requires that state and local funding remains relatively constant from year to year. (generally at least 90%)
- State must reduce a district's allocations in proportion to the % they failed to meet the MOE threshold.

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Life cycle of a grant

- Planning & Budgeting
- Application
- Implementation
- Completion

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Planning & Budgeting

- Program coordinators should consult with fiscal staff in preparing budgets.
- Ensure Fiscal Requirements are met
- Ensure required program set asides are included in budgets.
- Ensure equitable share budgeted for private schools

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Planning & Budgeting (continued)

- Ensure costs are appropriately categorized
- Guard against exceeding amount available or under utilizing the full amount
- Ensure costs are allowable

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Follow Approved Budgets

- Districts expenditure should follow the approved budgets.
- Just budgeting required set asides doesn't fulfill responsibility
- Actual expenditures will be looked at to ensure compliance.

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Title I Set asides

- 1 % for parental involvement if Title I allocation over \$500,000
- An amount up to 20%, if needed, of the District's Title I Allocation if any of its schools are in improvement
 - supplemental educational services
 - public school choice.

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Districts must sub-allocate Title I funds to Title I schools

- Budget and Track Title I sub-allocations & expenditures by participating school
 - Must follow the allocation procedures set out in the Consolidated Application
 - Ensure actual per low income student amounts are in compliance with rank order of schools.

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Title I set aside at the School Level

- If school is in level 1 or 2 improvement status
 - 10% of individual school's allocation must be spent on professional development related to the reason it is in improvement status.
 - Must be able to document this requirement was met at the school level.

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Other District set asides

- Title II Part D – Ed Tech
 - At least 25% on professional development
- Title IV – Safe and Drug Free
 - 20% cap on security equipment
 - 40% cap on security personnel and equipment

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Equitable Services for Private School Students and Teachers

- Districts must offer equitable services to private school students and teachers
- The District must control funds and show the equitable amounts or services were provided

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Public School Fiscal Responsibility for Private School Programs

- The District is responsible for designing and implementing programs for private school students and their teachers.
- Services need to be provide by an employee of the district or a 3rd party contractor.
- Equipment, supplies and materials provided remain property of the District.

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Funds for Private Schools

- Cannot use federal funds for:
 - Religious worship or instruction
 - Construction, remodeling, repair, operation, or maintenance of religious facility

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Determining Allowable Costs for Federal Programs

- Analyze costs to determine if they are allowable
- Develop a formal process to ensure costs are allowable

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Allowable Costs Questions

- Consistent with federal cost principles?
- Allowable under the grant program?
- Consistent with the approved application?
- Consistent with program specific fiscal rules?
- Consistent with the needs of the program
 - Data driven decision making
 - Target funds to areas of weakness

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Federal Cost Principles

- OMB Circular A-87 Cost Principles for State, Local & Indian Tribal Governments
- Applies to School Districts
- Available at OMB website:
- <http://www.whitehouse.gov/OMB/circulars/index.html>

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Basic A-87 Guidelines

- All Costs Must Be:
 - Necessary
 - Reasonable
 - Allocable
 - Authorized or not prohibited under state and local law

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Reasonable Costs

- A-87 Definition - A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision is made to incur the cost.



Necessary

- Must be necessary for the performance or administration of the grant
- Questioning "necessary"
 - Do we really need this?
 - Do we already have existing resources sufficient for this purpose?



Reasonable Costs

- Must follow sound business practices:
 - Arms length bargaining
 - Follow federal, state and local laws
 - Follow terms of the grant award
- Market prices for comparable goods or services
- No significant deviation from established practices of the grantee

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Questions - Reasonable

- Is the expense targeted to a legitimate program activity?
- Do we have the capacity to use what we are purchasing?
- Can we prove that we paid a fair rate?
- Would I be comfortable defending this purchase?

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Allocable

- Can only charge in proportion to the value received by the program
- Example: The district purchases a computer to use 50% in the Title I program and 50% in a state program – can only charge half the cost to Title I

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Questions - Allocable

- Can I prove the program benefited?
- Can I prove other programs are not the primarily beneficiary?
 - Ensure only authorized use
 - Incidental benefit is okay

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Other Basic Guidelines

- Legal under state and local law
 - If not legal under state law, cannot pay with federal funds
- Conform with federal law & grant terms

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Adequate Documentation

- Lack of Documentation is #1 Audit Finding

Document the following

- Amount of funds under grant
- How the funds are used
- Total cost of the project
- Share of costs provided by other sources

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Adequate Documentation

- Records that show compliance
- Records that show performance
- Other records to facilitate an effective audit
- Keep at least 3 years after the final project completion report is submitted
 - Longer if unresolved audit issues

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Support Documentation

Sufficient to determine the nature of the expenditures and their allowability:

- Cancelled checks;
- Vouchers with supporting invoices;
- Payroll records; Contracts;
- And time and attendance records

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Selected Items of Cost

- Special rules for specific expenses
- Still subject to basic guidelines
- Example:
 - Salaries and Wages: Allowable only if time distribution records maintained

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Time Distribution Records

- Required to charge salaries & wages to federal programs
- Must demonstrate that the employees actually worked on the specific federal program
- Applies to all employees who are paid with federal funds

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Required Time Records

- Depends on how many “cost objectives” the employee worked on
- The cost objectives must be connected to the employee’s salary source
- What is a cost objective?
 - A specific grant award, *or other category of costs*, that requires the grantee to track specific cost information

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Time Records for Single Cost Objectives

- If an employee works on a single cost objective:
 - Semi-Annual Certification
 - Signed by employee or supervisor every six months
 - See Examples

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Time Records for Multiple Cost Objectives

- If an employee works on multiple cost objectives:
 - Personnel Activity Report (PAR) or equivalent documentation are required
 - See Examples

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Personal Activity Reports (PAR)

- PAR must be:
 - After the fact
 - Account for 100% of employee's work
 - Signed by employee
 - Prepared at least monthly and coincide with one or more pay periods
 - Time increments should be sufficient to recognize the number of different activities performed

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Timing of Obligations

- Cannot obligate funds until the later of:
 - The 1st day of the Grant Period (generally July1), or
 - The date the LEA submits an application to the State in a substantially approvable form
 - Reimbursements are subject to final approval of the application

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Inventory management system

Must track funds to a level adequate to ensure the funds are used appropriately.

- Including consumable supplies
- What do we have?
- Where is it?
- Who is using it?
- What is the funding source?

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Equipment & Non Consumable Supplies Inventory Management

- a description of the property
- a serial or other identification number
- source of funding
- who holds title
- the acquisition date
- the cost of the property

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Equipment & Non Consumable Supplies Inventory Management

- the percentage of Federal participation in the cost
- the location, use and condition of the property, and
- any ultimate disposition data including the date of disposal and sale price of the property.

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Application

- The Application is due by July 1st
 - No Obligations before grant period or application submittal date, whichever is later.
- Proposed Program Budgets are submitted with application

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Implementation

- Monitor Expenditures to Budget
- Ensure Set-aside activities are completed
- Submit Timely reimbursement requests
- Submit Timely budget revisions or amendments

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Completion

- Submit Project Completion Report
 - Due within 90 days after grant period
- Ensure all required set asides were met.
- Maintain Program Records

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Summary

Districts are responsible for effectively managing and handling program requirements.

- Districts must maintain a sound financial management system to ensure the proper use of federal funds.

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